

DEPARTMENT OF CONSUMER AFFAIRS
TITLE 10. INVESTMENT
Chapter 6.5.
BUREAU OF REAL ESTATE APPRAISERS

**NOTICE OF PROPOSED REGULATORY ACTION CONCERNING:
Appraiser Qualifications Board Education Updates**

NOTICE IS HEREBY GIVEN that the Bureau of Real Estate Appraisers (hereafter “Bureau”) is proposing to take the action described in the Informative Digest below, after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

The Bureau has not scheduled a public hearing on this proposed action. However, the Bureau will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days prior to the close of the written comment period. A hearing may be requested by making such request in writing addressed to the individuals listed under “Contact Person” in this notice.

WRITTEN COMMENT PERIOD

Written comments relevant to the action proposed, including those sent by mail, facsimile, or e-mail to the addresses listed under “Contact Person” in this Notice, must be **received by the Bureau at its office no later than Wednesday, February 25, 2026**, or must be received by the Bureau at the hearing, should one be scheduled.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by section(s) 115.5, 11313, 11314, 11340, 11360 and 11361 of the Business and Professions Code (BPC), and to implement, interpret, or make specific BPC sections 30, 31, 114.5, 115.5, 494.5, 11314, 11340, 11341, 11343, 11345.1, 11345.2, 11345.3, 11360, 11361, 11424; and, 12 U.S.C. § 3345, the Bureau is considering amending sections 3542, 3543, and 3681 of title 10 of the California Code of Regulations (CCR).

INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW

The Bureau of Real Estate Appraisers (Bureau) licenses, regulates, and disciplines real estate appraisers, trainees, and registers appraisal management companies (AMC). In 1989, Title XI of the federal Financial Institutions Reform, Recovery and Enforcement Act (“FIRREA” 12 U.S.C. § 3331 et seq.) was adopted by Congress mandating states to license and certify real estate appraisers who appraise property for federally related

transactions. The federal law was enacted as a result of the savings and loan disaster. In response to the federal mandate, the Real Estate Appraisers Licensing and Certification Law was enacted by the California Legislature in 1990 (AB 527, Chapter 491 of 1990) and the Bureau of Real Estate Appraisers (“Bureau”) was later established within the Department of Consumer Affairs, a department within the Business, Consumer Services, and Housing Agency. The Bureau is charged with developing and implementing a real estate appraiser licensing and certification program compliant with the federal mandate. Section 4 of Stats.1990, c. 491 (A.B.527), provides:

“It is the intent of the Legislature in enacting this act to implement the policy of the Congress as expressed in the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law No. 101-73 (FIRREA), and to establish a state program to license and certify real estate appraisers.” (See also, Bus. & Prof. Code, § 11300.)

The Appraisal Foundation’s Appraiser Qualifications Board (AQB) is congressionally authorized under FIRREA to set the minimum education, experience and examination requirements for real estate appraisers to become state-licensed or certified and eligible to conduct federally related real estate appraisal activity (as defined in BPC section 11302). State law requires the Bureau to enforce the AQB’s standards in compliance with FIRREA. Business and Professions Code section 11340(c) states, in part:

“The director shall adopt regulations for licensure that shall meet, at a minimum, the requirements and standards established by the Appraisal Foundation and the federal financial institutions regulatory agencies acting pursuant to Section 1112 of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) (Public Law 101-73)”

Business and Professions Code section 11314, in part states: “*Requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation*” (emphasis added); see also 12 U.S.C. § 3345.

Per title 10, California Code of Regulations (CCR) section 3500(b)(7)):

“The “Appraiser Qualifications Board” (AQB) is the board of The Appraisal Foundation which promulgates the minimum national requirements for licensure for licensed appraisers. The minimum national requirements include the interpretations and clarifications of the appraiser qualifications criteria issued by AQB.”

All of FIRREA (Title XI) and the AQB criteria are incorporated by reference into the Business and Professions Code and California Code of Regulations, as follows:

“The bureau is required to include in its regulations requirements for licensure and discipline of real estate appraisers that ensure protection of the public interest and comply in all respects with Title XI of the Financial Institutions Reform, Recovery and

Enforcement Act of 1989, Public Law 101-73 and any subsequent amendments thereto. **Requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation.** The bureau may additionally include in its regulations requirements for the registration of appraisal management companies consistent with this part." (Emphasis added. Bus. & Prof. Code, § 11314.)

"(a) All applicants for, and holders of, any license or permit authorized by this chapter shall meet the minimum requirements set forth in this chapter or those established by the Appraiser Qualifications Board, whichever is greater."

(Cal. Code Regs., tit. 10, § 3528.)

The AQB sets the minimum Real Property Appraiser Qualification Criteria (Criteria) and publishes these Criteria in a document entitled "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria." The Criteria were last updated in 2022. Effective January 1, 2026, the AQB is updating its Criteria to include new qualifying and continuing education requirements for licensure, including a requirement for applicants, licensed real estate appraisers and trainees to complete a course that meets the content requirements of the AQB's Valuation Bias and Fair Housing Laws and Regulations Outline (see Underlying Data, which includes the AQB's public policy decisions and rationales for the changes).

Existing Bureau regulations contain the 2022 AQB qualifying and continuing education requirements for licensure and renewal. As a result, the Bureau proposes to update its current basic education requirements for licensure, continuing education requirements for renewal and renewal application requirements to more specifically align with the AQB's 2026 Criteria as required by State and federal law. These would include amendments to CCR sections 3542, 3543 and 3681. Amendments to CCR section 3542 as proposed would also impact trainees, who are required to comply with CCR Section 3542's minimum education requirements in accordance with CCR section 3568(a).

The proposed updates would include the following:

- Adoption of a requirement for applicants to successfully complete an 8-hour course (7 hours of instruction plus a 1-hour exam) in Valuation Bias and Fair Housing Laws and Regulations (a course meeting the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Course Outline, which is proposed to be incorporated by reference, and published by the Appraisal Foundation in the document entitled "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria," effective January 1, 2026);
- Adoption of a requirement that an applicant's existing coursework include a "written" examination as specified;

- Amendments to the title of the existing National USPAP 7-hour course required for licensee renewal from “National USPAP Update Course” to “National USPAP Continuing Education Course”;
- Removal of references to “documentation” required for renewal and replacement of that term with “proof of completion”;
- Adoption of a new requirement that to renew a license every two-year renewal period, a licensee shall complete a Valuation Bias and Fair Housing Laws and Regulations Course (a course meeting the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Course Outline published by the AQB) and provide proof of completion of the course with each renewal application, as specified;
- Adoption of new standards for course length requirements for continuing education for renewal of licensure that includes a new “first time” 7-hour course length requirement and a “biennial” 4-hour course length requirement for complying with the AQB’s Criteria for completing the new Valuation Bias and Fair Housing Laws and Regulations Course, as specified;
- Adoption of a standard that specifies that completion of the AQB’s Valuation Bias and Fair Housing Laws and Regulations Course (as specified) shall satisfy the Bureau’s existing two (2) hours of elimination of bias requirement for renewal; and,
- Adoption of a requirement that to renew a license every renewal period, proof of completion of the Valuation of Bias and Fair Housing Laws and Regulations Course must be submitted, as specified.

Anticipated Benefits of Proposal

The Bureau has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents:

The objective of this proposal is to ensure that the Bureau’s regulations accurately reflect the AQB’s requirements for licensees and applicants in compliance with federal law and that minimum standards for education are met for the overall protection of the public. Continuing education requirements that include training in valuation bias and fair housing laws and regulations help ensure Californians are treated fairly and without bias in federally related real estate appraisal activity.

This action also helps avoid licensee, applicant and staff confusion about whether the Bureau’s education requirements are compliant with federal law. These objectives help

ensure governmental transparency, legal compliance, accuracy in the Bureau's operations and a well-informed regulated community.

This regulatory proposal does not affect worker safety or the state's environment as it is not related to either of those issues.

Evaluation of Consistency and Compatibility with Existing State Regulations

During the process of developing this regulatory proposal, the Bureau has conducted a search of any similar regulations on these topics and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

This proposal would incorporate by reference the following:

Valuation Bias and Fair Housing Laws and Regulations Course Outline (Outline), published by the Appraisal Foundation in the document entitled "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria," effective January 1, 2026.

The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria, including the Outline (republished with permission from The Appraisal Foundation), can be obtained at no cost from The Appraisal Foundation at www.appraisalfoundation.org.

DISCLOSURES REGARDING THIS PROPOSED ACTION

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None. The proposed regulations do not result in a fiscal impact to the state.

This proposal is intended to better align the Bureau's regulations with national requirements and current law. The Bureau does not anticipate an additional workload or costs resulting from the proposed regulations.

The proposed regulations do not result in costs or savings in federal funding to the state.

Nondiscretionary Costs/Savings to Local Agencies: None.

Cost to any Local Agency or School District for which Government Code Sections 17500 - 17630 Require Reimbursement: None.

Mandate Imposed on Local Agencies or School Districts: None.

Significant Effect on Housing Costs: None.

BUSINESS IMPACT ESTIMATES

The Bureau has made the initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

This initial determination is based on the following facts:

The Bureau is required by state statute at BPC section 11314 to implement these minimum and continuing education updates. However, only the additional 8-hour minimum (basic) education coursework requirement for trainees and residential appraisers is anticipated to result in additional costs because it is beyond the existing 15-hour USPAP coursework requirements for these individuals.

The Bureau estimates costs of approximately \$250 for applicants to fulfill this requirement. The Bureau averages approximately 90 applicants (70 trainees and 20 residential) per year, which would result in total additional costs of \$22,500 per year.

The 8-hour minimum (basic) education coursework can be credited toward a certified residential appraiser's and certified general appraiser's total hourly requirements and the costs of these courses (on an hourly basis) are similar to other courses. As a result, the regulations are not anticipated to result in additional costs for these individuals.

The 7-hour and 4-hour Valuation Bias continuing education courses are also not anticipated to result in additional costs because they can be credited toward a licensee's total 56 hour continuing education requirement. Furthermore, the costs of these courses (on an hourly basis) are similar to typically available continuing education courses. As a result, the regulations are not anticipated to result in additional costs.

The Bureau notes, educational providers have already begun offering all of these courses in compliance with USPAP requirements. Any costs to these educational providers are a result of conforming curriculums to the updated USPAP requirements and not the proposed regulations.

The Bureau estimates educational provider tuition fee revenues for the minimum (basic) education courses of approximately \$22,500 per year, but because educational providers offer these courses online and may not be based in California, the total revenue impact to the state is unknown at this time.

Cost Impact on Representative Private Person or Business

The Bureau estimates the additional 8-hour minimum (basic) education coursework requirement results in costs of approximately \$250 for applicants to fulfill this requirement. The Bureau averages approximately 90 applicants (70 trainees and 20 residential) per year, which would result in additional costs of \$22,500 per year.

The 8-hour minimum (basic) education coursework can be credited toward a certified residential appraiser's and certified general appraiser's total hourly requirements and the costs of these courses (on an hourly basis) are similar to other courses. As a result, the regulations are not anticipated to result in additional costs for these individuals.

The 7-hour and 4-hour Valuation Bias continuing education courses are not anticipated to result in additional costs because they can be credited toward a licensee's total 56 hour continuing education requirement. Furthermore, the costs of these courses (on an hourly basis) are similar to typically available continuing education courses. As a result, the regulations are not anticipated to result in additional costs.

RESULTS OF ECONOMIC IMPACT ASSESSMENT / ANALYSIS

Impact on Jobs / Businesses

The Bureau has determined that this regulatory proposal will not have any impact on the following:

- 1) the creation or elimination of jobs within the State,
- 2) the creation of new businesses or the elimination of existing businesses within the State, or,
- 3) the expansion of businesses currently doing business within the State.

This proposal would not have any of the above-referenced impacts as explained in the "Business Impact Estimates" section of this notice.

Benefits of Regulation:

The Bureau has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents:

The objective of this proposal is to ensure that the Bureau's regulations accurately reflect the AQB's requirements for licensees and applicants in compliance with federal law and that minimum standards for education are met for the overall protection of the public. Continuing education requirements that include training in valuation bias and fair

housing laws and regulations help ensure Californians are treated fairly and without bias in federally related real estate appraisal activity.

This action also helps avoid licensee, applicant and staff confusion about whether the Bureau's education requirements are compliant with federal law. These objectives help ensure governmental transparency, legal compliance, accuracy in the Bureau's operations and a well-informed regulated community.

This regulatory proposal does not affect worker safety or the State's environment as this proposal is not related to any of those issues.

Business Reporting Requirements

The regulatory action does not require businesses to file a report with the Bureau.

Effect on Small Business

The Bureau has determined that the proposed regulations will not affect small businesses as stated in the "Business Impact Estimates" section of this Notice. Any costs of compliance are a result of current law. This proposal simply conforms the regulation regarding basic and continuing education requirements and renewals to the law effective January 1, 2026, and Bureau enforcement practices and would not affect small businesses.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Bureau must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed; would be as effective and less burdensome to affected private persons than the proposal described in this Notice; or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may submit comments to the Bureau in writing relevant to the above determinations at 3075 Prospect Park Drive, Suite 190, Rancho Cordova, CA 95670 during the written comment period, or at the hearing if one is scheduled or requested.

AVAILABILITY OF STATEMENT OF REASONS AND RULEMAKING FILE

The Bureau has compiled a record for this regulatory action, which includes the Initial Statement of Reasons (ISOR), proposed regulatory text, and all the information on which this proposal is based. This material is contained in the rulemaking file and is available for public inspection upon request to the contact persons named in this Notice.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained upon request from the Bureau, at 3075 Prospect Park Drive, Suite 190, Rancho Cordova, CA 95670.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments, the Bureau, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal, with the modifications clearly indicated, will be available for review and written comment for 15 days prior to its adoption from the persons designated in this Notice as the Contact Persons and will be mailed to those persons who submit written comments or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the Final Statement of Reasons once it has been prepared by making a written request to the Contact Persons named below or by accessing the website listed below.

CONTACT PERSONS

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Christine Jacob, Attorney III
Address: Bureau of Real Estate Appraisers
3075 Prospect Park Drive, Suite 190
Rancho Cordova, CA 95670.

Telephone No.: (916) 574-8014
Fax No.: (916) 464-0131
E-Mail Address: regulations@brea.ca.gov

The backup contact person is:

Name: Tinna Morlatt, Deputy Bureau Chief of Enforcement
Address: Bureau of Real Estate Appraisers

3075 Prospect Park Drive, Suite 190
Rancho Cordova, CA 95670.

Telephone No.: (916) 610-9893
Fax No.: (916) 464-0131
E-Mail Address: regulations@brea.ca.gov

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations with modifications noted, as well as the Final Statement of Reasons when completed, and modified text, if any, can be accessed through the Bureau's website at <https://brea.ca.gov/html/rulemaking.html>